

## Message Text

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ACTION EB-07

INFO OCT-01 EA-07 IO-11 ISO-00 AGR-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 L-03 /056 W

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P R 051005Z MAR 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 2772

INFO USMISSION GENEVA

LIMITED OFFICIAL USE MANILA 3226

E. O. 11652: N/A

TAGS: ETRD, RP

SUBJECT: PHILIPPINE TEXTILE AGREEMENT

REF: A. MANILA 2405, B. STATE 019070, C. MANILA 808, D. STATE  
052081

1. EMBROIDERY BOARD CHAIRMAN PIO DE RODA HAS INFORMED EMBASSY THAT HE WISHES TO FOLLOW TAX TREATY NEGOTIATIONS MARCH 22 WITH A WEEK OF TEXTILE CONSULTATIONS BEGINNING MARCH 29. PIO DE RODA HAS EXPLAINED THAT THESE ARE NOT INTENDED TO BE NEGOTIATIONS, BUT THAT BY MARCH 29 OFFICIALS WILL HAVE COMPLETED CLASSIFICATION TRAINING (REF D) AND GOP WILL HAVE DATA AVAILABLE FROM INDEPENDENT AUDIT BEING CONDUCTED BY SYCIP, GORRES, AND VELAYO ACCOUNTING FIRM. IT IS ACCORDINGLY GOP'S DESIRE TO DISCUSS PROBLEM AREA, CENTERING ON FOUR CATEGORIES, IN HOPES THAT WE MIGHT BE ABLE TO RESPOND TO GOP'S PERCEIVED NEEDS.

2. IN ADDITION TO PIO DE RODA, THOSE PRESENT ON PHILIPPINE SIDE WOULD INCLUDE QUINTIN SANTIAGO FROM EMBROIDERY PORTION OF INDUSTRY, ANTONIO CARAG OR JUAN QUINTAN FROM THE TEXTILE MILLS, JAMES DY FROM THE EXPORT PROCESSING ZONE, AND RONALD DY FROM THE BOARD OF INVESTMENTS.

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3. CATEGORIES TO BE DISCUSSED WOULD CONSIST OF TWO

GOVERNED BY SPECIFIC LIMITS, 219 AND 224, AND TWO WHICH PIO DE RODA DESCRIBES AS BEING COVERED BY CONSULTATION LEVELS, ONE BEING CATEGORY 221 (SEE REFTEL A). PIO DE RODA WILL REQUEST MEETING NEXT WEEK WITH EMBASSY TO EXPLORE SPECIFICS.

4. EMBASSY AT TIME OF SIGNING OF AGREEMENT CONVEYED TO PIO DE RODA WASHINGTON'S POSITION THAT ADJUSTMENTS IN SPECIFIC LIMITS THROUGH CONSULTATIONS WOULD BE VIRTUALLY RULED OUT DURING FIRST AGREEMENT YEAR. EMBASSY RESPONDED TO PIO DE RODA'S INFORMAL BROACHING TWO WEEKS AGO OF POSSIBLE WASHINGTON CONSULTATIONS BY SUGGESTING THAT CONSULTATION LEVEL CATEGORIES COULD BE SATISFACTORILY DEALT WITH FROM MANILA AND THAT CHANGES AT THIS TIME IN SPECIFIC LIMITS WERE NOT LIKELY. NEVERTHELESS, PIO DE RODA RECOMMENDED CONSULTATIONS TO FINANCE SECRETARY VIRATA IN CONJUNCTION WITH TAX TREATY NEGOTIATIONS, AS PROVIDED FOR IN PARAGRAPH 17 OF AGREEMENT.

5. REQUEST WASHINGTON RESPONSE TO REQUEST FOR CONSULTATIONS. EMBASSY WOULD ALSO APPRECIATE BEING ADVISED AT SAME TIME IF THERE IS LIKELY TO BE ANY PROBLEM IN GRANTING INCREASE IN CONSULTATION LEVEL IN CATEGORY 234. U.S. COMPANY IS NEGOTIATING WITH PHILIPPINE COMPANY FOR SUPPLY OF CATEGORY 234 SHIRTS IN EXCESS OF CONSULTATION LEVEL; IT WOULD BE USEFUL TO HAVE A READING BEFORE NEXT WEEK'S MEETING WITH PIO DE RODA ON PROBABLE U.S. RESPONSE IF GOP SHOULD REQUEST CATEGORY 234 INCREASE.

6. POSITION WE HAVE TAKEN WITH PIO DE RODA WITH RESPECT TO CONSULTATIONS IS THAT USG CANNOT BE EXPECTED TO RENEGOTIATE AGREEMENT AND WOULD FIND IT HARD TO MOVE VERY MUCH IN SENSITIVE CATEGORIES. NEVERTHELESS, WE HAVE SAID, WE WERE SURE WASHINGTON WOULD BE PLEASED TO EXAMINE ANY STATISTICS GOP MIGHT HAVE WHICH IT BELIEVED APPEARED TO WARRANT ADJUSTMENTS. WE WOULD NOT HAVE RECOMMENDED THAT PIO DE RODA MAKE SPECIAL TRIP TO WASHINGTON FOR THIS PURPOSE; HOWEVER, SINCE HE WILL BE THERE ANYWAY ON ANOTHER MATTER, WE THINK IT WOULD CREATE VERY GOOD IMPRESSION IF INTERESTED WASHINGTON AGENCIES LIMITED OFFICIAL USE

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COULD AGREE TO MEET HIM. WE HOPE THIS WILL BE POSSIBLE.  
SULLIVAN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXTILES, TAX AGREEMENTS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
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Margaret P. Grafeld  
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**Status:** NATIVE  
**Subject:** PHILIPPINE TEXTILE AGREEMENT  
**TAGS:** ETRD, RP, US, (PIO DE RODA)  
**To:** STATE  
**Type:** TE  
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